

## Message Text

SECRET

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ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 SSO-00 NSCE-00 INRE-00  
PM-04 NSC-05 SP-02 SS-15 PRS-01 CIAE-00 INR-07  
NSAE-00 EB-07 OMB-01 TRSE-00 ACDA-07 IGA-02 AID-05  
L-03 /070 W

-----041605Z 128267 /43

O 041515Z MAY 77  
FM AMEMBASSY JIDDA  
TO SECSTATE WASHDC IMMEDIATE 8215  
AMEMBASSY AMMAN IMMEDIATE  
INFO CHUSMTM DHAHRAN IMMEDIATE  
SECDEF WASHDC IMMEDIATE

S E C R E T SECTION 1 OF 2 JIDDA 3264

E.O. 11652: GDS  
TAGS: PFOR, MASS, SA, JO, US  
SUBJ: JORDAN AIR DEFENSE

REF: (A) STATE 100267, (B) JIDDA 3255

1. FOLLOWING IS DRAFT TEXT OF LETTER TO ROYAL COURT CHIEF  
ABDUL HAMID SHARAF PROPOSED AS ALTERNATIVE TO THAT CONTAINED  
REF A.

2. BEGIN TEXT: DEAR SHARIF ABDUL HAMID:  
IN CONNECTION WITH OUR CONTINUING DISCUSSIONS REGARDING  
THE OVERDUE INITIAL PAYMENT OF DOLS 140 MILLION FOR JORDAN'S  
AIR DEFENSE (HAWK/VULCAN) PROGRAM, I UNDERSTAND THAT THE  
JORDANIAN GOVERNMENT WILL SHORTLY BE APPROACHING THE GOVERN-  
MENT OF SAUDI ARABIA IN AN EFFORT TO RESOLVE THIS MATTER TO  
THE SATISFACTION OF ALL PARTIES CONCERNED.  
IN VIEW OF THE CURRENT UNCERTAINTY OVER HOW THE GOVERNMENTS OF JORDAN  
AND SAUDI ARABIA INTEND TO HANDLE THE OVERDUE INITIAL PAY-  
MENT OF DOLS 140 MILLION TO COVER THE COST OF JORDAN'S  
AIR DEFENSE PROGRAM THROUGH MARCH 31, 1977, THE US GOVERN-  
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MENT URGES THE GOVERNMENT OF JORDAN TO WORK OUT ARRANGEMENTS  
DIRECTLY WITH THE SAUDI ARABIAN GOVERNMENT AS QUICKLY AS  
POSSIBLE.  
IT IS POSSIBLE THAT SAUDI ARABIAN  
FUNDS CURRENTLY ON DEPOSIT IN THE SAUDI  
FOREIGN MILITARY SALES (FMS) ACCOUNT MAINTAINED BY  
OUR DEFENSE DEPARTMENT MIGHT BE UTILIZED TO FACILI-

TATE AN ACCEPTABLE ARRANGEMENT ONE THE QUESTION OF THE  
\$140 MILLION HAS BEEN RESOLVED.

BY AN AGREEMENT WITH THE SAUDI ARABIAN GOVERNMENT IN  
AUGUST 1976, THE US GOVERNMENT IS EMPOWERED TO DRAW  
TO A LIMIT OF \$540 MILLION FROM THE SAUDI FMS ACCOUNT  
TO COVER THE ONGOING EXPENSES OF JORDAN'S AIR DEFENSE  
PROGRAM IN THE ABSENCE OF REGULAR PAYMENTS BY SAUDI  
ARABIA TO THE US DEPARTMENT OF DEFENSE AS PROVIDED FOR IN  
THE AGREEMENT. THE INTENT OF THIS AGREEMENT WAS TO  
ALLOW FOR FLEXIBILITY IN ADJUSTING REQUIRED PAYMENTS TO  
CONTRACTORS OF THE AIR DEFENSE SYSTEM WITH THE SCHEDULE  
OF PAYMENTS AGREED TO BY THE SAUDI ARABIAN GOVERNMENT.

IF THE SAUDI ARABIAN GOVERNMENT WERE TO AGREE, IT WOULD  
BE POSSIBLE TO CONTINUE TO DRAW FROM THIS FUND AND THE  
REGULAR SAUDI PAYMENTS FOR THE PROJECT THUS ENABLING PROGRESS  
TO CONTINUE ON THE SYSTEM ACCORDING TO THE ORIGINAL SCHEDULE.  
A FINAL ADDITIONAL PAYMENT OF \$140 MILLION WOULD BE DUE ON JUNE  
30, 1981, WHICH IS ONE YEAR AFTER THE FINAL PAYMENT ENVISAGED  
IN THE CURRENT SCHEDULE HAS BEEN MADE. THIS WOULD ALLOW  
ADDITIONAL TIME FOR IMPLEMENTING ARRANGEMENTS FOR THIS \$140  
MILLION PAYMENT WHICH WILL HAVE BEEN WORKED OUT BY THE  
JORDANIAN AND SAUDI GOVERNMENTS, THOUGH WE COULD NOT  
PROCEED TO IMPLEMENT THIS OPTION UNTIL THE SAUDI AND  
JORDANIAN GOVERNMENTS HAVE RESOLVED THEIR CURRENT  
MISUNDERSTANDING REGARDING THE OVERDUE INITIAL PAYMENT  
OF \$140 MILLION.

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 8216

AMEMBASSY AMMAN IMMEDIATE

INFO CHUSMTM DHAHRAN IMMEDIATE

SECDEF WASHDC IMMEDIATE

S E C R E T SECTION 2 OF 2 JIDDA 3264

IF THE JORDANIAN AND SAUDI GOVERNMENTS ARE ABLE TO RESOLVE THIS PROBLEM AND THE SAUDI GOVERNMENT IS AGREEABLE TO THE PROPOSED USE OF THEIR FMS FUNDS ACCOUNT, WE WILL REQUIRE ITS WRITTEN CONSENT THROUGH WHATEVER CHANNEL IT DEEMS APPROPRIATE. END TEXT.

3. COMMENT. WE MUST ASSUME THAT WHATEVER LETTER WE GIVE TO THE JORDANIANS WILL PROBABLY BE SHOWN TO THE SAUDIS. WE KNOW (AND THE SAUDIS KNOW WE KNOW) THAT THE SAG ONLY INTENDS TO PAY ANOTHER \$400 MILLION FOR THE JORDANIAN AIR DEFENSE SYSTEM - NO MORE. THEY MAY BE BROUGHT TO CHANGE THEIR MINDS, BUT IT IS UP TO THE JORDANIANS TO DO IT. THE SAUDIS (INCLUDING ESPECIALLY PRINCE FAHD) WOULD NOT TAKE KINDLY TO BEING SHOWN A LETTER IN WHICH WE SEEM TO BE TELLING THE JORDANIANS THAT THEY SHOULD WORK ON SAUDIS TO GET A COMMITMENT TO PROVIDE AN ADDITIONAL \$140 MILLION. THIS MAY NOT HAVE BEEN THE INTENT OF THE LETTER PROPOSED REF A BUT WE ARE SURE THAT THE SAUDIS WOULD HAVE SEEN IT IN THIS LIGHT. WE THINK THAT THE ESSENCE OF THE REF A PROPOSAL IS GOOD -- GIVE THE JORDANIANS ANOTHER

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FOUR YEARS TO COME UP WITH THE MISSING \$140 MILLION. WE SHOULD BE AS EXPLICIT AS POSSIBLE IN SAYING THIS IS WHAT WE MEAN.  
PORTER

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## Message Attributes

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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009